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TO RUEHC/SECSTATE WASHDC PRIORITY 7378
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INFO RUEHFK/AMCONSUL FUKUOKA 9953
RUEHNH/AMCONSUL NAHA 2313
RUEHNAG/AMCONSUL NAGOYA 8059
RUEHKS0/AMCONSUL SAPPORO 0529
RUEHOK/AMCONSUL OSAKA KOBE 3695
RUEHBJ/AMEMBASSY BEIJING 5424
RUEHMO/AMEMBASSY MOSCOW 2533
RUEHUL/AMEMBASSY SEOUL 1421
RUCNDT/USMISSION USUN NEW YORK 1722
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SIPDIS

STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR,
EAP/J, EAP/P, PM;
USTR FOR PUBLIC AFFAIRS OFFICE;
TREASURY FOR OASIA/IMI;
SECDEF FOR OASD/PA;
CP BUTLER OKINAWA FOR AREA FIELD OFFICE;
PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A

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SUBJECT: TOKYO MEDIA REACTION - TERRORIST BOMBING IN
ISLAMABAD, U.S. ECONOMY, AND RUSSIA

11. LEAD STORIES: All Monday morning papers gave prominent front-page coverage to the reelection on Sunday of DPJ President Ozawa as party chief, as well as the anticipated landslide victory today of LDP Secretary General Aso in the party presidential race.

12. "Review of War on Terrorism Needed" On the terrorist bombing of the Marriot Hotel in Islamabad, the liberal Mainichi editorialized (9/22): "...The world must not succumb to terrorism; measures to fight it must be undertaken without hesitation. However, the effectiveness of those measures is important.... The U.S. would find it more productive to hold talks humbly with concerned parties on how to improve the situation in Afghanistan. The details of the bombing remain unclear. However, if it occurred as a result of U.S. military incursions into Pakistan from Afghanistan, Washington's approach will be called into question...."

13. "Bombing Intended to Press New President to Be Soft on Extremists" The top-circulation, moderate Yomiuri wrote from New Delhi (9/22): "Given that the Marriot Hotel had the heaviest security in the nation's capital, the bombing was so shocking that calls may mount among the Pakistani people for the government to talk with radicals rather than confront them."

14. "More Remains to Be Done" On Washington's decision to set up a mechanism for purchasing nonperforming loans, the liberal Asahi wrote (9/21): "We welcome the U.S. decision as an important step toward tamping down the crisis in the financial markets. However, the gravity of the situation is such that this move alone

will not bring about an overnight resolution of the problems.... Financial institutions with no hope of reconstruction need to be closed while minimizing the possible negative effects on the market. There is no way out of the crisis except for the steady implementation of these measures."

¶5. "Will Financial Turmoil Prompt Russia to Change?"
The business-oriented Nikkei contended in an editorial (9/22): "Signs have been emerging pointing to a change in Russia's hard line toward the U.S. and Europe, which became pronounced following its conflict with Georgia. The unexpected outbreak of financial turmoil within has prompted this shift in attitude.... It is arguable that the turbulence in the Russian market illustrates that the country, unlike the former Soviet Union, is now a part of the world economy. The U.S. and Europe, as well as Russia, should take advantage of the financial turmoil to ease tensions over the Georgia crisis and instead prioritize economic coordination."

SCHIEFFER